# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

UNSTARRED QUESTION NO:916
ANSWERED ON:24.11.2000
EXPORT PROMOTION COUNCILS MEMBERSHIP NORMS
SUBODH MOHITE

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) Whether the Government propose to make changes in Export Promotion Councils membership norms;

(b) if so, the details thereof and the reasons therefor; and

(c) the measures proposed to be taken by the Government to strengthen the EPCs?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) to (c) : The Committee constituted to look into the aspects of rationalization of election procedures of the Export Promotion Councils (EPCs) and the criteria to be adopted for restructuring of the EPCs so that they retain their relevance to the national export effort in the context of globlisation and economic liberalization, has made recommendations to streamline and strengthen the functioning of the EPCs.The Government has since accepted the recommendations of the Committee and issued model guidelines to all EPCs for adoption.Guidelines issued concerning membership norms of EPCs and measures proposed to streamline/strengthen EPCs are:

1. Membership Norms :
With a view to giving the voting rights and right of standing for election to various positions in the EPCs only to such members as are having an established standing over a minimum period of 3 years, it has been stipulated that there will be two categories of members namely; Associate Members and Ordinary Members. A person shall be eligible for admission to the Council as Associate Member on receiving the Import Export Code number from Directorate General of Foreign Trade in respect of the product with which the Council is concerned. An associate member of the Council for atleast three continuous years would be eligible for ordinary membership of the Council provided the company represented by him has to its credit during the three financial years, immediately preceding, average exports in respect of the product of not less than Rs.10 lakh for SSI and Rs.25 lakh for other than SSI companies. The ordinary member shall have the right to vote at the meetings of the Council and offer himself as a candidate at elections to various positions in the Council.

2. Greater attention to important existing and emerging industry segments: With a view to giving greater attention to some important segments within an existing industry group and also to provide coverage to commodities or sectors presently not covered by any of the EPCs, creation ofa new vehicle viz. Export Promotion Forum (EPF) has been proposed. Permission for creation of an EPF may be considered on fulfilling the prescribed conditions. However, such permission shall be subject to :

(a) The members agreeing to build up a corpus of Rs.1.00 crore when the society is registered which should increase to Rs.3.00 crore within 4 years. The principle amount of the corpus shall be maintained intact and the EPF shall manage its expenses from the interest earnings, membership fees etc.

(b) The members of the EPF shall continue to be members of concerned EPC and shall continue to pay the membership fee to the concerned EPC till such time as the EPF is not converted into an EPC. (This will not be applicable to industry segments not covered under any EPC).

(c) The staffing structure should be purely professional and as far as possible, the staff should be engaged on contract terms. The EPF shall meets its administrative expenses from its own resources. No funding shall be provided to them by the Government for this purpose.

Subject to satisfactory performance on the basis of guidelines to be laid down by the Ministry of Commerce, the EPF will be eligible to be converted in a full-fledged EPC on completion of four years of its registration as an EPF. However, in the case of an EPC for industry segments not covered under any existing EPC, there will be no minimum waiting period.On conversion into an EPC, it shall be eligible for MDA grants for its export promotion activities only. It shall also be entitled to all other benefits/facilities available to the existing EPCs.

3. Principles to be adopted by existing EPCs: Guidelines have been issued to the existing EPCs to engage the staff on contract terms

as far as possible and to make the staffing structure purely professional over a period of five years. The existing EPCs have also been advised to build up a minimum corpus of Rs. 3 crore over a period of five years as applicable to the EPFs and to maintain the principal amount of the corpus intact and to manage its expenses from the interest earnings, membership fee etc.

4. Umbrella EPF for service industry: For important segments of Services Industry, an Umbrella EPF may be constituted. As and when individual service export industry builds up adequate demand and resources for a separate EPF, it may be allowed to break away from Umbrella EPF.

5. Creation of a Service Cell: A Service Cell may be created in the Ministry to provide focussed attention to the needs of service industries with an export potential. The Service Cell would also, inter-alia, advise regarding constitution of EPFs for individual service sectors.

6. Election: It shall be the responsibility of the EPCs to ensure that the elections for the vacant seats are conducted well before the expiry of the term of the retiring members. The elected members shall automatically retire on the completion of their tenures.

7 Voting Rights: Only elected members of the Managing Committee of EPCs shall have voting rights and the nominated/co-opted members shall not have such rights.